

THE CHILD CARE FACILITIES LOAN FUND (CCFLF) PROGRAM*
IS SEEKING
PROJECT MANAGERS INTERESTED IN BEING LISTED
WITH THE CHILD CARE FACILITIES LOAN FUND
AS PROVIDERS OF CLIENT PROJECT MANAGEMENT SERVICES

Connecticut Health and Educational Facilities Authority (CHEFA) in Hartford, Connecticut will receive sealed proposals for providing goods and/or services listed herein by the date and time cited below.

DATE: TUESDAY, SEPTEMBER 4, 2007

TIME: 5:00 P.M.

ISSUED: AUGUST 1, 2007

* - *The Child Care Facilities Loan Fund (CCFLF) Program is a joint cooperative venture of the Connecticut Health and Educational Facilities Authority (CHEFA) and the Connecticut Department of Social Services (DSS)*

**REQUEST FOR QUALIFICATIONS
for CLIENT PROJECT MANAGEMENT SERVICES**

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PART 1. GENERAL INFORMATION

1.1 Executive Summary

In 1997 with passage of the state's School Readiness and Child Care legislation, which included a component for the development of child care facilities, the Department of Social Services (DSS) entered into agreement with the Connecticut Health and Educational Facilities Authority (CHEFA). The agreement established CHEFA as the department's manager for the Child Care Facilities Loan Fund (CCFLF). CCFLF is three loan programs to which the department provides debt service support (*principal and interest payments*) or loan guarantees to commercial bank loans. The programs, ***Tax-exempt Loan Program***, ***Guarantee Loan Program*** and ***Small Direct Loan Program***, are designed to support the various groups of child care providers in the state (licensed centers, licensed group child care homes, licensed family day care homes and groups and individuals seeking to develop a licensed child care facility. Generally, the programs operate as follows:

Tax-exempt Loan Program – This program provides loans to 501(c)(3) organizations and municipalities for the development (renovation or new construction) of child development centers. Loans typically are a half million dollars or more and are funded from the sale of tax-exempt bonds. The department funds the debt service on individual loans ranging from seventy to ninety percent of the principal and interest on the loan. Since its inception, \$61.5 million in loans have been made to twenty-three borrowers.

Guarantee Loan Program – Under this program, the department has provided funds to guarantee up to 50% of the outstanding loan balance to organizations regardless of IRS status. Additionally, CHEFA provides an additional guarantee of up to three percent from its own funds to further make loans affordable to borrowers. Loans are made available for new construction, facility renovation, equipment acquisition or bridge construction. People's Bank, as lead bank, makes loans from a pool of funds provided by the seven largest commercial banking institutions doing business in the state. The commercial banks, CHEFA and DSS have a partnership agreement that established the underwriting guidelines for the loans and establishes the working relationship among the partners. To date, loans totaling \$10,398,500, ranging from \$42,500 to \$3,595,000, have been made to fourteen borrowers since 1997 with only one default that caused a demand on the joint guarantee of \$180,000. 1,358-child care slots (881 new/477 existing) have been provide new or renovated space because of the existence of the program. Also, loans totaling another \$14.8 million are in various stages of development and, if all close, will provide new and renovated space to approximately another 1,600 children and their families.

Small Direct Loan Program – Under this program, the department has provided funds to guarantee 80% of loans made primarily to develop licensed family day care homes and provide funding of not more than \$25,000 for equipment acquisition, working capital, renovations and the pre-development costs of converting a facility from a licensed family day care home to a licensed group child care home or from a licensed group child care

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home to a licensed child day care center. To date, 1,330 new child care slots have been developed by 49 individual loans. Of the 49 loans granted, only one defaulted causing a draw on the guarantee for \$2,500. Because of the nature of the borrowing group and the uncertainty of development at the low end of the of child care business, loan default occurs, however, the institution servicing the loan, in addition to using traditional collection methods, provides technical assistance to borrowers. In addition to the loans that have been granted, twenty loans are at various stages of development. If all in-process loans close, an additional 566 new child care slots could be provided.

The CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (“CHEFA” or “the Authority”) was created in 1965 and is a “conduit” issuer of tax-exempt bonds, issued on behalf of non-profit healthcare institutions, higher education and private secondary schools, child care facilities, long-term care facilities, cultural institutions and various other qualified non-profit institutions pursuant to Connecticut General Statutes Chapter 187, Sections 10a-176 through 10a-198. These tax-exempt bonds are financial/debt obligations of the institution on whose behalf the Authority issues the bonds. The issuance of tax-exempt bonds provides funds for new construction projects, the refinancing of long-term debt obligations to reduce borrowing costs, and Debt Service Reserve Funds, which are typically required for all fixed interest rate bond issues at an amount equal to one year’s maximum annual debt service.

Since its formation, CHEFA has issued approximately \$9.4 billion in tax-exempt bonds with approximately \$5.4 billion currently outstanding. During fiscal year 2006, CHEFA issued 24 series of bonds totaling almost \$1.0 billion.

The CONNECTICUT DEPARTMENT OF SOCIAL SERVICES (“DSS”) is a \$4.2 billion agency of the executive branch of Connecticut government. The mission of the department is to provide a continuum of services to meet the basic needs of food, shelter, economic support and health care to promote and support the choice to live with dignity in one’s own home and community; and to promote and support the achievement of economic viability in the workforce. The department is statutorily Connecticut’s lead agency for child care services. During SFY 2006, the department served approximately 16,000 income-eligible children and their families through its child care subsidy program, Care 4 Kids. Additionally, direct contracts to state-supported child day care centers served another 4,300 children monthly.

1.2 Contact Information

Mail: David Wasch, Child Care Programs Manager
CT Health and Educational Facilities Authority
10 Columbus Boulevard, 7th Floor
Hartford, CT 06106

Email: dwasch@cheffa.com

Telephone: (860) 761-8416

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PART 2. PROJECT OBJECTIVE

2.1 Overview

The Child Care Facilities Loan Fund (CCFLF) is seeking project managers, including project management firms, interested in developing child care facilities for children under the age of 5. Project Managers selected for listing will be eligible to develop facilities for the Tax-exempt and Guarantee loan portions of the CCFLF. Listed project managers may assist with all phases of facility development, including, but not limited to pre-development and construction oversight. Applicants for the Tax-exempt and Guarantee Loan programs, as a part of the application package, will be provided the listed project managers. Tax-exempt and Guarantee loan applicants, **not CHEFA or DSS**, will be responsible for project manager selection. Applicants for a tax-exempt loan will be required to select a project manager from those listed with the CCFLF. If a guarantee loan applicant requires the services of a project manager, the applicant will be required to select a project manager from those listed.

PART 3. PROPOSAL CONTENTS

Proposals must include both administrative and supporting documentation.

3.1 Administrative Documentation

Submissions require the following documentation. The Authority and DSS reserve the right to reject any proposal that does not conform to the requirements established in this request.

3.1.1. Proposal Mailing and Contents

- (a) **Sealed proposals must be received before the deadline of Tuesday, September 4, 2007, at 5:00 P.M.**
- (b) Please note only written proposals will be accepted;
- (c) An original copy and three (3) photocopies of your proposal must be submitted;
- (d) Proposals must be sent to the attention of David Wasch, Child Care Programs Manager at CHEFA; 10 Columbus Blvd., 7th Floor; Hartford, CT 06106;
- (e) The following must be indicated on the front of the envelope:

SEALED PROPOSAL: EARLY EDUCATION PROJECT MANAGER
DEADLINE FOR RECEIPT: September 4, 2007, 5:00 pm

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- (f) **Provide a description of the organization's affirmative action program** *(not required of sole proprietorships, partnerships or organizations with less than 50 employees).*

3.1.2. References and Experience

The proposal shall include:

The organization's experience in developing child development facilities for children under the age of 5 or projects similar to those described in this Request for Qualifications (RFQ), including documentation of qualification and links to website designs *(active sites only)*;

- a) Description of the organization, including:

The type of organization as defined by the Internal Revenue Service (*i.e., sole proprietor, partnership, corporation, etc.*)

- i. The Federal Employer Identification Number (FEIN) of the organization or the Social Security Number (SSN) if the organization is a sole proprietor without a FEIN.
- ii. A list of the state(s) in which the organization is incorporated
- iii. The number of employees
- iv. The number of years in business
- v. The location of organization's principal office (*street address, municipality and zip code*)
- vi. The location of the organization's other offices, if applicable (*street address, municipality and zip code*)

- b) Evidence of professional experience for organization and staff:

- i. A list of the names of project managers that could be assigned to a loan applicant's project
- ii. A written explanation of the areas of responsibility and expertise of the organization's principal(s)
- iii. A written explanation of the areas of responsibility and expertise of any project manager that could be assigned to a loan applicant's project

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- iv. A list of past or present clients of the organization that are not-for-profit as defined by the Internal Revenue Service Code, including contact information, which should include,
 - (a) The name of the not-for-profit
 - (b) The street address, town, state and zip code of the not-for-profit
 - (c) The telephone number of the not-for-profit, and, if applicable,
 - (d) An electronic mail address for the not-for-profit, if known.
 - v. A written explanation of the organization's experience in the development of education facilities for children under the age of five with a list, including name(s) and address(es) of the developed facility(ies).
 - vi. A written explanation of the organization's experience in the development of other facilities that provide evidence of sensitivity to the needs of young children with a list, including name(s) and address(es) of the developed facility(ies).
- c) Disclosure of Pending and Unresolved Legal Action (Attachment A)
 - d) Certification of Pending or Unresolved Issues (Attachment B)

3.2 Supporting Documentation

Include the following supporting documents with the proposal.

- a. Three references including the following (Attachment A):
 - i. Name, title, address and telephone number of reference;
 - ii. Overview of the project;
 - iii. Total fees associated with the project, and basis of fees charged (*hourly, per project, percentage of project cost, etc.*).

3.3 Questions

Questions regarding any aspect of this RFQ must be submitted, in writing, by **no later than 5:00 P.M. on Monday, August 27, 2007**. Responses will be posted on the CHEFA (www.chefa.com/) website and on the DSS (www.ct.gov/dss/) website in the "Vendors and Contractors" section by no later than 5:00 P.M. on Wednesday, August 29, 2007.

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PART 4. SCOPE OF SERVICES

4.1 Tax-exempt Loan Program

a. Program Purpose

The Tax-exempt Loan Program was, established by an act of the legislature in 1997, to increase the availability of quality child care facilities for not-for-profit child care providers and municipalities through the development of new or renovated early care and education centers.

b. Financing Structure

Approved projects under the tax-exempt program qualify for 30-year term loans, the principal and interest of which is financed from 70% to 90% of the total development cost by DSS. The remaining principal and interest percentage on the loan is paid from grant funds made available to the applicant by either the state Department of Education's School Readiness grant program or the DSS child day care contract program.

4.2 Tax-exempt Loan Development Process

a. Child care providers and municipalities apply to the Child Care Facilities Loan Fund. At initial application a determination is made by CHEFA as to which program of the fund, the application is appropriate.

b. Applicants develop an application for financing, which will include the following:

- i. A completed CHEFA Application for Tax-Exempt Financing
- ii. A completed DSS Preliminary Request for Approval for Debt Service
- iii. Identification of a reasonable site for the project, with a Phase I Environmental Survey and zoning analysis
- iv. Preliminary scope of work and cost estimate for the project
- v. Identification of funding sources for the 10% equity required for the program
- vi. Post-construction cash-flow analysis demonstrating a minimum of a 1.10 debt service coverage ratio
- vii. Marketing analysis indicating the number of children in the community needing early education, potential early education competitors and a comparison of the proposed parent fee structure to competitors.

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- c. Once the application for financing is approved, applicants prepare for closing, requiring the following:
 - i. Completed scope of work and architectural drawings, including mechanicals
 - ii. Appropriate environmental certifications
 - iii. Guaranteed maximum price contract for the complete scope of work
 - iv. Payment and performance bond for the general contractor

4.3 Tax-exempt Loan Project Management Services Scope of Services

The scope of project management services will include the following:

- a. Assistance with the evaluation of potential architects
- b. Assistance with the evaluation of potential contractors
- c. Perform as Owners Representative in meetings with the development team
- d. Assist with the development of detailed construction budgets
- e. Assist with the development of a project financing strategy
- f. Assistance with the preparation of the contractor bid package
- g. Coordinate the work of the development team, evaluating its performance and flagging issues for the provider
- h. Keep loan applicants and development team on projected timelines
- i. Preparation of construction documents
- j. Construction monitoring
- k. Serve as Clerk of the Works for the project

4.4 Guarantee Loan Program

- a. Program Purpose

The Guarantee Loan Program was established, by an act of the legislature in 1997, to increase the availability of quality child care facilities for all child care providers without regard for their Internal Revenue Service status through the development of new or renovated early care and education centers, to provide for bridge loans and equipment acquisition.

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b. Financing Structure

Approved projects under the guarantee program receive a loan guarantee from DSS of between 50% and 80% and from the Authority of up to an additional 3%.

4.5 Guarantee Loan Development Process

a. For-profit or not-for-profit child care providers apply to the Child Care Facilities Loan Fund. At initial application a determination is made as to which program of the fund, the application is appropriate.

b. Applicants develop an application for financing, which will include the following:

- i. A completed CHEFA Application for the Guaranteed Loan
- ii. Identification of a reasonable site for the project, with a Phase I Environmental Survey and zoning analysis
- iii. Preliminary scope of work and cost estimate for the project
- iv. Identification of funding sources for the 10% equity required for the program
- v. Post-construction cash-flow analysis demonstrating a minimum of a 1.10 debt service coverage ratio
- vi. Marketing analysis indicating the number of children in the community needing early education, potential early education competitors and a comparison of the proposed parent fee structure to competitors.

c. The application review is administered through the lead participating bank (People's Bank). Once the application for financing is approved, applicants prepare for closing, requiring the following:

- i. Completed scope of work and project architectural drawings, including mechanicals
- ii. Appropriate environmental certifications
- iii. Guaranteed maximum price contract for the complete scope of work
- iv. Payment and performance bond for the general listed project manager

4.6 Guarantee Loan Project Management Services Scope of Services

The scope of project management services will include the following:

a. Assistance with the evaluation of potential architects

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- b. Assistance with the evaluation of potential contractors
- c. Perform as Owners Representative in meetings with the development team
- d. Assist with the development of detailed construction budgets
- e. Assist with the development of a project financing strategy
- f. Assistance with the preparation of the contractor bid package
- g. Coordinate the work of the development team, evaluating its performance and flagging issues for the provider
- h. Keep loan applicants and development team on projected timelines
- i. Preparation of construction documents
- j. Construction monitoring
- k. Serve as Clerk of the Works for the project

PART 5. PROMULGATION OF THE LIST OF QUALIFIED PROJECT MANAGERS

5.1 List of Qualified Project Managers

Loan applicants will be responsible for contacting candidate project managers and selecting the project manager for their project. The List of Qualified Project Managers will be provided to applicants seeking loans and will include the following information:

- a. Name of each firm,
- b. Contact information for each firm,
- c. An indication of whether or not the firm has experience developing early education facilities, and,
- d. An indication of whether or not the firm has experience working with not-for-profits.

In addition, the List of Qualified Project Managers may be made available on the CHEFA, DSS and State Department of Education websites.

5.2 Changes to the List of Qualified Project Managers

- 5.2.1.** Once initially promulgated, the List of Qualified Project Managers may be revised from time to time to add or delete project managers or project management firms. Project managers and project management firms that fulfill the listing requirements of this Request may request to be added to the list by writing, to the

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CCFLF in care of David Wasch, Child Care Program Manager, at the address cited in 3.1.1.(d) of this proposal and including the information required by section 3.1 of this proposal.

- a. The List of Qualified Project Managers may be revised to delete project managers or project management firms at their request by writing the to the Child Care Program Manager of CHEFA at the address cited in 3.1.1.(d) of this proposal, requesting to be removed.
- b. The List of Qualified Project Managers may be revised to delete project managers or project management firms that are the subject of complaints from clients, and that, in the reasonable judgment of CHEFA and DSS, make the project manager or project management firm unsuitable for listing.

PART 6. SCHEDULE

6.1 Issuance of the RFQ

The RFQ will be issued by August 1, 2007.

6.2 Deadline for Questions

Questions regarding any aspect of this RFQ must be submitted, in writing, by **no later than 5:00 P.M. on Monday, August 27, 2007**. These submissions must be addressed to the attention of David Wasch at CHEFA, 10 Columbus Boulevard, 7th Floor, Hartford, CT 06106-1591 or email dwasch@CHEFA.com.

6.3 Amendments to Request for Qualifications

All amendments to the RFQ and response to written questions will be made available no later than 5:00 P.M. on Wednesday, August 29, 2007 on the CHEFA and DSS websites.

6.4 Proposal Delivery

All sealed proposals must be received by 5:00 P.M. on Tuesday, September 4, 2007 to CHEFA in Hartford as detailed in Section 3.1.1.

6.5 Proposal Review Process

The following shall make up the review team:

One CHEFA employee
One DSS employee

and

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Three (3) individuals representing any of the following:

- 1 an employee of the Connecticut State Department of Education, or
- 2 an employee of the Connecticut Department of Public Works, or
- 3 an individual from the Connecticut Investment Partnership or similar organization, or
- 4 an individual from the Connecticut Accreditation Facilitation Project of Connecticut Charts-A-Course or similar organization, or
- 5 an individual representing loan recipients of the Tax-exempt loan program, or,
- 6 an individual representing loan recipients of the Guarantee loan program.

6.6 Criteria for the Listing of Project Managers

The following criteria will be used to determine whether a project manager or a project management firm will be included on the "List of Qualified Project Managers." The list will group project managers and firms by qualification, first listing those which have experience developing early education facilities, next listing those firms or individuals with no experience or education in early education facilities.

- a. Project managers must disclose any pending or unresolved legal actions against the firm (Disclosure of Pending and Unresolved Legal Action - Attachment A)
- b. Project managers must disclose any pending or unresolved issues before the Connecticut Department of Consumer Protection (Disclosure of Unresolved or Pending Issues Before the Connecticut Department of Consumer Affairs– Attachment B)
- c. Project manager must provide three satisfactory references (Section 3.2.c)
- d. Fees for service will be reviewed for reasonableness
- e. Preference will be given to firms that have experience developing early education facilities

6.7 Debriefing Procedures

Notification will be made, by mail, indicating whether a proposal was selected for inclusion on the List of Qualified Project Managers. Those not selected for inclusion on the List will be provided with an opportunity to meet with or discuss by telephone, as the discretion of the Authority, to discuss the reason(s) the proposal was not accepted.

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PART 7. RESERVED RIGHTS

7.1 Rights

7.1.1. Amendment or withdrawal of proposal

The Authority and DSS reserves the right to amend and/or cancel this RFQ at any time before the opening the proposals, and to correct any award erroneously made because of clerical error on the part of the Authority and DSS.

7.1.2. Refusal of Proposal

The Authority and DSS reserves the right to refuse any proposals hereunder. The Authority and DSS may refuse any proposal that does not meet the all the requirements of the RFQ.

DISCLOSURE OF PENDING AND UNRESOLVED LEGAL ACTION
Attachment A

Attachment Page 1 of 2

**DISCLOSURE OF PENDING AND UNRESOLVED ACTIONS BEFORE
THE CONNECTICUT DEPARTMENT OF CONSUMER AFFAIRS
Attachment B**

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